

Message Text

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43

ACTION XMB-07

INFO OCT-01 AF-10 ADP-00 EB-11 COME-00 TRSE-00 MC-02

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P 111300 Z MAY 73

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 3276

LIMITED OFFICIAL USE KINSHASA 3902

PASS EXIM BANK

E. O. 11652: N/ A

TAGS: ETRD ETRN EFIN US CG

SUBJ: ZAIRE PURCHASE OF COMMERCIAL AIRCRAFT

REF: KINSHASA 3901

FOLLOWING IS TEXT OF APPLICATION FOR FINANCING OF
COMMERCIAL AIRCRAFT REFERRED TO IN PRECEDING MESSAGE. ORIGINAL
WAS SENT DIRECTLY TO BANK BY COMMERCIAL TELEX BY EJETETQZI
MAY 10:

QUOTE ATTN: MR. EARL B. YOUNG, VICE PRESIDENT, PRODUCT
FINANCING. FROM: EKETEBI MOYIDIBA MONDJOLOMBA,
COMMISSIONER OF STATE FOR TRANSPORT AND COMMUNICATIONS.
SUBJ APPLICATION FOR FINANCING OF THREE BOEING 737-200 C
AND TWO DC-10-30 JET AIRCRAFT. REF EXIM BANK LETTER TO
COMMISSIONER OF STATE DATED FEB 23, 1973.

1. THE GOVT OF THE REPUBLIC OF ZAIRE WISHES TO AVAIL ITSELF
OF THE PRELIMINARY COMMITMENTS TO FINANCE THE FIVE JET
AIRCRAFT CITED ABOVE CONTAINED IN THE EXPORT- IMPORT
BANK' S LETTERS DATED DEC 18, 1972 AND FEB 2, 1973. THIS
APPLICATION FOR FINANCING SUPERSEDES THE EARLIER
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APPLICATIONS SUBMITTED IN CONNECTION WITH CURRENT COMMERCIAL AIRCRAFT ACQUISITIONS.

2. ONE DC-10-30 AIRCRAFT IS SCHEDULED FOR DELIVERY IN JUNE 1973 AND THE OTHER IN JUNE 1974. ONE BOEING 737 IS SCHEDULED FOR DELIVERY IN NOVEMBER 1973 AND THE SECOND IN APRIL 1974. THE THIRD BOEING IS FOR DELIVERY IN MAY 1974.

4. THE TOTAL COST OF THE PURCHASES IS ESTIMATED TO BE:
THREE BOEING 737-200 C AIRCRAFT: \$22,250,000 (INCLUDING SPARE ENGINES, SPARE PARTS, AND RELATED EQUIPMENT AND SERVICES). TWO DC- 10-30 AIRCRAFT: \$55,000,000,000 (INCLUDING SPARE ENGINES, SPARE PARTS AND RELATED EQUIPMENT AND SERVICES).
TOTAL INVESTMENT: \$77,250,000.

4. THE REPUBLIC OF ZAIRE HEREBY SUBMITS ITS APPLICATION FOR FINANCING OF US \$69,524,000 TO ASSIST IN THE PURCHASE OF THE FIVE AIRCRAFT DESCRIBED ABOVE. THE AMOUNT REPRESENTS 90 PERCENT OF TH ESTIMATED REQUIRED INVESTMENT. IT IS REQUESTED THAT THE EXPORT- IMPORT BANK MAKE AVAILABLE A DIRECT LOAN OF US \$34,762,000 AND THAT IT PROVIDE ITS GUARANTEE OF A LOAN OF \$34,762,000 TO BE OBTAINED FROM US COMMERCIAL LENDERS. IT IS PROPOSED THAT THESE AMOUNTS BE REPAID IN TWO SEPARATE LOAN SCHEDULES EACH PROVIDING FOR TWENTY EQUAL SEMIANNUAL PRINCIPAL INSTALLMENTS TO COMMENCE APPROXIMATELY DWOLMONTHS FOLLOWING THE DELIVERY OF THE AIRCRAFT WITH THE LATTER MATURITIES OF THE REPAYMENT SCHEDULE FOR THE ACCOUNT OF THE EXPORT- IMPORT BANK. THE FIRST LOAN WILL COVER THE BOEING 737-200 C AIRCRAFT TO BE DELIVERED AS STATED ABOVE AND THE SECOND WILL COVER THE DC-10-30 AIRCRAFT TO BE DELIVERED AS STATED ABOVE.

5. THE REPUBLIC OF ZAIRE IS PREPARING, ON AN URGENT BASIS, THE ECONOMIC, FINANCIAL AND TECHNICAL INFORMATION REFERRED TO IN THE BANKS FEB 23 LETTER. HOWEVER, I WISH TO EMPHASIZE THAT THESE AIRCRAFT ARE BEING PURCPFSED BY THE REPUBLIC OF ZAIRE AND IT IS THE REPUBLIC OF ZAIRE WHICH GUARANTEES FULL REPAYMENT. THIS GUARANTEE IS INDEPENDENT OF THE STUDIES WHICH ARE NOW BEING PREPARED.

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6. THE REPUBLIC OF ZAIRE OBLIGATES ITSELF TO OBTAIN, AT ITS OWN COST AND EXPENSE, THE INSURANCE MENTIONED IN THE BANKS LETTER CITED ABOVE.

7. THE REPUBLIC OF ZAIRE RECOGNIZES THAT THE EXPORT- IMPORT BANK REQUIRES AN INVESTIGATION OF THE PRIVATE COMMERCIAL BANKING MARKET TO DETERMINE THE AVAILABILITY OF

FUNDS FROM THIS SOURCE. ACCORDINGLY THE REPUBLIC OF ZAIRE IS CURRENTLY CONDUCTING DISCUSSION WITH SEVERAL US COMMERCIAL BANKS IN ORDER TO SECURE THE \$34,762,000 LOAN. THE EXPORT- IMPORT BANK WILL BE KEPT INFORMED OF THESE DISCUSSTONS.

8. IN VIEW OF THE NECESSITY THAT THE FIRST DC-10-30 AIRCRAFT ARRIVE IN ZAIRE IN JUNE OF THIS YEAR, THE REPUBLIC OF ZAIRE REQUEST THAT THIS APPLICATION BE ACCORDED URGENT FAVORABLE ACTION.

9. FOR THE INFORMATION OF THE EXPORT- IMPORT BANK, THE REPUBLIC OF ZAIRE HAS DECIDED TO WET- LEASE ONE DOEING 747-100 AIRCRAFT, WITH OPTION FOR PURCHASE , FOR DELIVERY IN NOVEMBER 1973. SINCERELY YOURS . UNQUOTE
VANCE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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